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Letter No. 2370

July 7, 1988

**CONDITIONS OF
MAJOR CROPS**

Here's part of the drought summary given by Ewen Wilson, Assistant Sec'y of Agriculture at the U.S. House of Representatives on July 6. The winter wheat harvest is progressing well ahead of normal and as of last weekend 65 percent of the crop had been combined. The crop in Kansas, Oklahoma and the Southeast is mostly in the bins. In Texas, 84 percent has been harvested and in Nebraska, 45 percent. The spring wheat crop is in bad shape with almost two-thirds of the crop rated in poor-to-very poor condition due to the drought. In North Dakota, where four-fifths of the durum wheat is normally produced, the crop has been especially hard hit. The total wheat crop, winter and spring, will be below the 2 billion 100 million bushels estimated in early June before the drought intensified.

**NO PAYMENT
REDUCTION FOR
HAY DONATORS**

Producers in countries approved for haying of Conservations Reserve Program and Water Program acreage who donate all the hay harvested off such land will not be subject to the previously announced 25 percent reduction from their next annual per acre rental payment for the acreage hayed. According to Sec'y of Agriculture Richard Lyng, the producer must donate the hay through a designated state agency engaged in drought relief effort and obtain a certification from an official of the state agency that the hay has been donated in accordance with the requirements for exemption from the payment reduction.

**DEFICIENCY
PAYMENTS**

Eligible producers of 1987 crop wheat and barley will receive about \$190 million in deficiency payments this month, (July), according to the U.S. Department of Agriculture. The payments will be in cash and issued as soon as possible through local offices of the Agricultural Stabilization and Conservation Service. Wheat producers will receive about \$170 million. They have already received \$335 million in advance emergency compensation payments. Barley producers will receive about \$20 million.

SALES TO USSR

Private exporters reported to the U.S. Department of Agriculture sales of 175,000 metric tons of corn for delivery to the USSR during the 1987-88 marketing year. Sales of wheat and corn to the USSR for delivery during the fifth year of the Long Term Grain Supply Agreement total 13,386,900 tons, of which wheat is 9,023,400 tons and corns is 4,363,500 tons. In addition, sales of soybeans total 830,700 tons and sales of soybean meal total 1,319,800 tons.

1988/89 EXPORT
SALES UP
SHARPLY

Export sales of U.S. corn for future delivery for 1988/89 are up sharply compared to recent years, according to the U.S. Department of Agriculture. This situation largely reflects concern regarding U.S. crop conditions, tighter world supplies of exportable corn, and sharply higher forward purchases by Japan.

U.S. WHEAT
EXPORT
FORECAST

The U.S. wheat and wheat products export estimate for 1987/88 is 43-1/2 million tons, and the forecast for 1988/89 is 40 million 800 thousand tons, according to the U.S. Department of Agriculture. As of June 16, wheat shipments - excluding wheat products - and sales for 1988/89 totaled 8 million 400 thousand tons, compared to 10 million tons at the same time a year ago. The leading buyers in this first month of the new marketing year were Mexico, 602,300 tons...The Philippines, 100,000 tons...and Japan, 129,600 tons of wheat.

YUGOSLAVIA MAY
EXPORT WHEAT

Yugoslavia may export an estimated 300,000 tons of wheat in 1988/89, according to the U.S. Department of Agriculture. Yugoslavia has not exported wheat since 1984/85 when it exported 200,000 tons. The reason for the 1988/89 exports include: prospects of a record 5 million 700 thousand tons wheat harvest; ample stocks; and escalating world wheat price. In addition, the recent Dinar devaluation has made Yugoslavia's wheat more attractive for exports. Currently there is a balance of 587,000 tons of U.S. wheat available for Yugoslavia under the Enhancement Program.

BRAZIL WHEAT
IMPORTS DOWN

Brazil is forecast to import about 1-1/2 million tons of wheat in 1988/89, down from an estimated 2 million tons of wheat in 1987/88, according to the U.S. Department of Agriculture. In 1986/87, U.S. wheat shipment to Brazil totaled 800,000 tons, about 30 percent of Brazil's total import needs. Since then, U.S. shipments have fallen to only about 70,000 tons in 1987/88.

CORN EXPORT
FORECAST

The U.S. corn export estimate for 1987/88 remains unchanged at 43 million 200 thousand tons. The 1988/89 forecast is at 44-1/2 million tons. Corn shipments and sales for the current marketing year, 1987/88 totaled 41 million 900 thousand tons as of June 16. According to the U.S. Department of Agriculture, this is 5 million tons higher than at the same time last year.

JAPAN HURRIES TO
BUY U.S. CORN

Japanese traders have covered most of their U.S. corn purchases needed for the first quarter of the 1988/89 corn season, and some traders have started their purchasing for the second quarter, according to the U.S. Department of Agriculture. With rising prices and concern over limited supplies and detrimental shipping conditions on the Mississippi River, Japanese traders are taking no chances on being caught short. Estimates of 1987/88 corn imports from the U.S. are about 15-1/2 million tons which would represent a record volume. Japan is the biggest constant corn importer in the world, and therefore needs an average of 1 million 400 thousand tons of imported corn each month. Since exportable supplies from sources outside the U.S. will be limited, Japan will continue to rely on the U.S. for 90 percent of corn import needs.

MEAT IMPORTS
BELOW TRIGGER
LEVEL

According to Sec'y of Agriculture Richard Lyng, the third quarter estimate of 1988 U.S. meat imports is below the level that would require consideration of quotas or import restraints under the 1979 Meat Import Act. Imports of beef and certain other meats should total about 1,510 million pounds--about 15 million below the trigger level of 1,525½ million.

FROM OUR RADIO
SERVICE

AGRICULTURE USA #1623...(Weekly 13½ min documentary) Is the quality of U.S. farm products good enough to be competitive with products of other nations? Gary Crawford explores that question as he presents highlights of the recent Crop Quality Conference in St. Louis.

AGRITAPE/FARM PROGRAM REPORT #1611...(Weekly reel of news features) USDA news highlights; New water bank haying rules, More deficiency payments, Drought to hurt rural banks; U.S. and Japan finally sign beef and citrus agreement.

CONSUMER TIME #1103...(Weekly reel of 2½-3 min features) The drought and food prices; The drought and your lawn; Camp stamps; The reverse mortgage; Study boosts breakfast cereals.

USDA RADIO NEWS SERVICE...Wed, July 13, Livestock and poultry outlook, World grain and crop production, World oilseed situation, World cotton situation. Fri, July 15, Mink production, Milk production; Tues, July 19, Crop weather update, Dairy outlook; Wed, July 20, Agricultural outlook (usually has farm income projections), Catfish production; Thurs, July 21, Oil crops situation; Fri, July 22, Horticultural products exports, Cattle on feed, Meat production. Dial the USDA National News Line 202-488-8358 or 8359. All material changed at 5 p.m. ET each working day.

Also our Service will carry drought news and features on an almost daily basis.

FROM THE NEWS SERVICE: In addition to our normal news lines, we are offering a daily crop weather update which is changed Monday through Friday at 9 A.M. Eastern Time. The number for this report is 202-447-2545.

TELEVISION SERVICE programs, A BETTER WAY, DOWN TO EARTH, AGRICULTURAL UPDATE and SATELLITE NEWS are available on satellite Westar IV, audio 6.2 or 6.8 as follows:

Thursdays....AG UPDATE/SATELLITE NEWS, 7:30-7:45 p.m. ET.....Transponder 12D

Saturdays....A BETTER WAY, 10:00-10:30 a.m. ET.....Transponder 9X
ORIGINAL DOWN TO EARTH, 10:30-11:00 a.m. ET....Transponder 9X
UPLINK SATELLITE NEWS/AG UPDATE, 11:00-11:15 a.m. ET.....Transponder 9X

Mondays.....A BETTER WAY, 8:00-8:30 a.m. ET.....Transponder 12D
REPEAT DOWN TO EARTH, 8:30-9:00 a.m. ET....Transponder 12D
UPLINK SATELLITE NEWS/AG UPDATE, 9:00-9:15 a.m. ET.....Transponder 12D

A BETTER WAY is also available on The Learning Channel SATCOM 3R, Transponder 2, Audio 6.8 each Thursday at 10:30 a.m. ET.

OFF MIKE

Jim Mills, retired NAFB Sales/Marketing Director, was behind the first Agricultural Communicators' Congress when he was the President of the Agricultural Relations Council. Jim also raised funds for the first, as well as this year's Congress. Dave Lane, Director of Information, USDA, is a new member of ARC. ARC saluted Dave for his attention to the drought. You might say that Dave, along with the rest of his staff, is swimming in a sea of drought...The August 11 Crop Report will have the first actual field measurements of corn and beans...In the radio transmissions from the St. Louis Crop Quality Conference, some of you were unable to hear the questions from the floor. We are taking steps to make sure such problems do not again occur.

Farm Broadcasters Letter
Radio and Television, Rm. 410A
Office of Information, OGPA
U.S. Department of Agriculture
Washington, D.C. 20250-1300

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